EPISODE 12

The Menace of Mindset

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Hi, it's Rob Llewellyn here and welcome to episode twelve of transformation management. Thank you so much for joining me today. As always, I'm going to do my best to help you get better equipped to manage and lead transformation.

Before a company can hope to reshape its culture, the leadership mindset must first make its own shift. Because if leadership mindsets aren't properly aligned, reshaping a company's culture is going to be very difficult - or even impossible.

That said, leaders should start by considering, whether the company is flexible enough to take advantage of the opportunities that are on offer. Is the company prepared to take risks? Is transformation an integral part of the organisation yet? or is it still seen as a series of one-off departmental initiatives that exist in silos.

Culture isn't simply created overnight. It happens as a result of behaviours exhibited by the teams and individuals in an organisation. Multi-coloured sofas, motivational posters, mission statements and a fridge full of free drinks are nice - but there's far more to shifting culture than that. Culture is shaped and solidified over time through mindsets and behaviours. And an aligned leadership team needs to be behind that.

Transformation involves a conscious and committed departure from the current state. But while almost every company is now talking transformation, some aren't walking the talk, and they aren't prepared to make the departure from the current state. So, they tinker with digital and delude themselves into thinking they're transforming, when in fact they're only creating small change, which will neither disrupt, nor protect against disruption.

While the words digital and transformation get used in the same sentence, the disconnect between knowing about digital technologies and orchestrating a transformation, is often painfully obvious.

Digital business transformation isn't simply the implementation cutting-edge technologies. It's a new way of thinking about value, business models and the organisation. It requires a mindset that adopts a new way of operating in the company by encouraging transformation.

The successful orchestrators of transformation are those that have acquired a firm grasp of culture, communication, management and leadership. They leverage the knowledge of technical, data and business process experts and they understand the 360° view of transformation. Just like the violin and flute players in an orchestra, the IoT, Cloud and other

technical experts have an important role to play in transformation, but the leader of transformation is that person who can orchestrate the entire performance, and get the best out of teams, with a solid grasp of all transformation-related disciplines - particularly culture and communication.

Although digital business transformation calls for a cultural shift, this isn't the first-time leaders have faced the cultural challenge. Company mergers have been taking place for decades, and culture has been one of the greatest challenges that leaders have had to contend with during a merger. While the goals of the cultural change required for transformation might be different to those during a merger; values, practices, attitudes and beliefs remain at the core of each.

Most established companies have thrived on cost control and operational efficiency, after leaders have embedded a culture of reliability by optimising for operational excellence over variability. These leaders now need to do an about-turn and accept that transformation without innovation can't happen, and that with innovation comes risk. Risk that can strike fear into the hearts of traditional managers and leaders who thrive upon safety and "how things have always been done with certainly".

In transformation, often an initial excitement surrounds a new initiative, but when the honeymoon period passes and the day-to-day life of execution becomes the norm, old cultural behaviours and attitudes begin to re-appear, and the old organisational culture does its best to return to "how it's always been here around".

Companies with high digital transformation maturity have very bold cultures. They set out to be transformational by taking risks that many wouldn't. Their culture is one where the organisation collaborates well and makes rapid progress. But this isn't the norm among large companies that have been around for many years.

So how do you change something that's at the heart and soul of an organisation? Cultures that took years to shape, are certainly not going to change overnight, or as a result of a re-written mission statement and an hour-long speech from the CEO. Cultural evolution takes time. Lots of time.

Digital business transformation goes against the grain of traditional ways of working that a company has become accustomed to, and it's a threat to management practices that have sometimes existed for decades. Transformation initiatives surrounded by the wrong organisational culture and DNA result in an unsatisfied workforce, chaos, confusion and political collusion.

Strategic transformation can't happen without a shift in organisational culture and changing a culture that's been shaped by decades of reliable, stable, consistent, and repeatable ways of working isn't easy. As Gary Hamel said; "the most profound business challenge we face today is how to build organisations that can change as fast as change itself".

The best leaders know that the traditional bureaucratic command-and-control driven structures are not the environment for transformation to flourish. They know they need to foster a culture that exploits digital technologies in innovative ways to create new value and

competitive advantage. They encourage people to unleash their passion for innovation and transformation.

With digital transformation firmly on the agenda of the best organisations, how well prepared are they to address organisational change in a business environment that looks different to how it did a decade ago? Especially when the current state of work in some traditional firms is now very broken. A situation that's demonstrated by the fact that only around one third of employees are engaged at their jobs.

While many executives feel more comfortable dealing with costs and strategy than culture, leaders need to clearly communicate a vision or story of the future and take a practical approach to first understanding and then tackling cultural issues that could even serve to derail transformation efforts.

Why on earth should employees succumb to the digital transformation hype that's attempting to change what made the company so great? These people genuinely believe they simply need to continue with business as usual and put a stop to notions of transformation.

It's the responsibility of leaders to help these people understand the need for transformation and the inevitable shifts that will ripple through the organisation, to change the day-to-day working lives of many people.

The CEO and their leadership team need to work hard to communicate a set of aligned messages about why the company needs to transform, and what's in it for people. They need to clearly communicate how companies that were once in similar comfortable situations became victims of their own complacency.

In fact, transformation is a perfect opportunity for leaders to step back, update and re-shape current management practices and mindsets, and then educate and inspire the hearts and minds of their people. Forget "out of the box" thinking. In the modern world of transformation, there shouldn't be a box.

A strong, shared sense of purpose also removes many obstacles, and this has to be communicated from the top. Let's face it, if an organisation's leadership is unable to inspire its people, how can those leaders expect their workforce to bring initiative, imagination and passion to their work every day?

But how do you do that?

I don't have time to get too deep into psychology here, but I can suggest you explore the persuasion cycle from Mark Goulston. It involves taking people through five stages and shifting them from resisting to listening to considering to willing to doing, to glad they did and will continue to do.

Of course, there are techniques underneath these five stages, and plenty of people skills are needed to get this right. But through the application of these five stages, leaders with a desire to understand and nurture company culture can make real progress in the quest to shift mindsets in the interests of the longevity of the business, and the transformation that's

required to ensure that longevity. The ability to nurture company culture effectively, is what really sets the best transformation leaders apart from the rest. And nothing about that is related to technology.

Transformation calls for leaders to think of new ways to re-shape the overall business model, and to focus on value drivers. They then need to bring this perspective of what transformation means for their company, workforce and customers, into the entire organisation and focus people behind a common transformation vision.

Let's consider ten of the menaces that can often get in the way of a transformation mindset.

1. Overconfidence - the company is doing well so there's no need for any major transformation. They think that what happened to Kodak and Nokia couldn't possibly happen to them.
2. Being in denial - not looking for, or wanting to see, new disruptive trends.
3. Being entrenched in orthodoxy - holding onto beliefs that held true in the past.
4. Old-timers use political tactics to lock-down the best resources in activities that are less-important that transformation.
5. While leaders use the transformation word, technology implementation is often as good as it gets.
6. Staying stuck in comfort-zones with an unwillingness to make bold decisions which could compete with - or even cannibalise - the core business.
7. Putting short-term results ahead of long-term value.
8. The expectation that an operational workforce can become overnight transformation masters, without investing in re-training them.
9. Insular thinking and behaviour - not investing in and encouraging process driven innovation which can become a permanent part of the organisation.
10. Lack of strategic clarity resulting in people being unsure about whether they should focus on speed, quality, efficiency, or innovation.

As long as these barriers exist, a business will struggle to commit to authentic transformation. Only after a mindset overhaul among leaders will companies be ready to embark on legitimate transformation and avoid the consequences of digital sugar coating that are now evident in many places.

Accepting the existence of a new competitive paradigm isn't easy for some leaders of established companies. It often requires them to acknowledge an inevitable loss of business and an acceptance that they need to develop disruptions that cannibalise their existing business. Failing to come to terms with this is a sign that a leader might be too anchored to old orthodoxies to lead a company in the new digital economy.

I appreciate you listening, and here's a quote to finish off the day from Stephen Covey.

"If you want small changes in your life, work on your attitude. But if you want big and primary changes, work on your paradigm."

What paradigm shift does your company need to make to create a new future for itself?

I hope you enjoyed this episode. Thanks for listening - Take care and I'll catch you in the next episode of transformation management. Bye.